



the missiontm

2014 interim results



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- Review of H1
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Summary of the period

- Solid financial performance
- Lots of activity below the surface
- Great new Client wins
- Overseas ventures building nicely
- Proof Communication – completed in August
- Acquisition pipeline strong – more being targeted



Financial summary

- Portfolio performance
 - Some up, some down; satisfied with 9% headline PBT growth
- Strong H1 cash inflows (again)
 - £5.2m cash inflow from operating activities
 - Leverage ratio below x1.25 at 30th June -> lowest possible interest rates
 - Investment in growth (SF, Singapore, two UK relocations)
- Confidence in second half profits
 - Full year headline PBT expected to be ahead of 2013 levels
 - Second interim dividend



Profit & Loss

	H1 2014	H1 2013	%
<i>Turnover</i>	<u>62.8</u>	<u>67.6</u>	
Operating income ("Revenue")	26.3	25.3	+4%
Operating expenses	<u>(24.2)</u>	<u>(23.3)</u>	
Headline operating profit	2.1	2.0	+3%
Net interest	<u>(0.3)</u>	<u>(0.4)</u>	-24%
Headline PBT	1.8	1.7	+9%
Adjustments to headline profit	<u>0.4</u>	<u>(1.6)</u>	
PBT	2.2	0.1	
Tax	<u>(0.5)</u>	<u>-</u>	
Earnings	1.7	0.1	
Diluted headline eps (pence)	<u>1.68</u>	<u>1.51</u>	+11%

Headline adjustments

- Acquisition-related items (£0.4m in 2014)
 - Will be an ongoing feature of TMMG results
 - Amortisation of intangibles
 - Professional fees
 - Re-measurement of contingent consideration
- Exceptional items (£nil in 2014)
 - 2013 redundancy/settlement costs re c60 staff
 - Write-off of Addiction goodwill and other intangibles



Dividend

- 0.25p interim dividend, as in 2013
- Payable on 5th December, to holders at 7th November
- Cash requirement of £0.2m
- Dividend policy progressive



Balance Sheet

	June 2014	June 2013	Dec 2013
Intangibles	72.1	70.9	72.5
Tangible fixed assets	4.1	3.4	3.5
Working capital	0.1	0.3	3.0
Net bank debt	(7.3)	(8.8)	(10.7)
Acquisition obligations	(1.6)	(1.7)	(2.8)
Total net debt	(8.9)	(10.5)	(13.5)
All others (mainly Corp. tax)	(0.8)	(1.3)	(0.6)
Net assets	<u>66.6</u>	<u>62.8</u>	<u>64.9</u>
Bank debt gearing	11%	14%	17%
Total gearing	13%	17%	21%
Debt leverage	x1.1	x1.4	x1.5



Cash Flow

	H1 2014	H1 2013
Headline operating profit	2.1	2.0
Add back depreciation	0.7	0.7
EBITDA	2.8	2.7
Exceptional costs	-	(1.0)
Changes in working capital	2.9	3.7
Net interest	(0.2)	(0.3)
Taxation	(0.3)	(0.1)
Operating cash flows	5.2	5.0
Capex	(1.3)	(0.7)
Bank debt repayment	(2.0)	(3.6)
Acquisition consideration	(0.4)	(0.5)
All others	-	(0.2)
Change in cash balances	1.5	-



Prospects

- H2
 - Profits will again be H2-biased
 - Market remains unpredictable
 - Timing of contribution from H1 wins will be all-important
- 2015
 - Lots of groundwork in 2014 will benefit 2015
- Acquisition opportunities
 - To expand reach, bolster existing capabilities, enter new sectors
 - Strategy to make us better and different; not just bigger
 - Target A close to completion
 - Heads of Terms agreed on B and C
 - At least one more expected in 2014
 - Up-front consideration could be c£8m if everything comes off
 - Consideration is typically structured to be majority deferred
 - RBS offering to debt-fund



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own ideas

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